

Message Text

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14

ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 L-03 H-02

PA-03 USIA-12 PRS-01 ABF-01 FSE-00 RSR-01 /171 W

----- 099359

R 180851 Z MAY 73

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 7010

TREAS DEPT WASHDC

COMMERCE DEPT WASHDC

INFO AMEMBASSY LONDON

UNCLAS HONG KONG 4957

FROM BARNARD FOR OASIA

E. O. 11652: N/A

TAGS: EFIN

SUBJECT: HONG KONG FOREIGN EXCHANGE MARKET

1. US DOLLAR WHICH WAS BUMPING INTERVENTION LEVEL OF HK\$5.1994
FELL LATE LAST WEEK IN SYMPATHY WITH WEAKNESS ELSEWHERE AND SOLD
AT AS LOW AS HK\$5.11 THIS WEEK. LAST TWO DAYS HAVE SEEN SOME
STRENGTHENING, BUT BIG BUYERS OF US DOLLARS ABSENT FROM MARKET
AND LATE TRADING TODAY SHOWED FURTHER WEAKNESS, APPARENTLY IN
ANTICIPATION OF SIMILAR WEAKNESS IN EUROPEAN MARKETS, WITH LAST
PRICE AT HK\$5.13. STERLING VERY STRONG AGAINST HK DOLLAR;
REACHING 13.20 TO POUND.

2. GOLD TRADING ON HK BULLION EXCHANGE HAS SEEN ENORMOUS
INCREASE IN PUT AND CALL TRANSACTIONS AND SOME INCREASE IN
CONTRACTS FOR ACTUAL DELIVERY. PRICES HAVE MOVED IN HARMONY
WITH EUROPEAN GOLD MARKETS.

3. ALTHOUGH EXCHANGE BROKERS REPORT CONTINUING NERVOUSNESS
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ABOUT MONETARY SITUATION HERE SEEMS TO BE GREATER WILLINGNESS
TO REMAIN IN HK DOLLARS THAN IN MANY OTHER CURRENCIES. HOWEVER,
MODEST STRENGTH IN HK STOCK MARKET THIS WEEK ATTRIBUTED TO
DESIRE TO GET OUT OF MONEY.
OSBORN

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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LONDON
SECSTATE WASHDC
TREAS DEPT WASHDC
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